

## Message Text

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ACTION ARA-10

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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 6324

C O N F I D E N T I A L SANTIAGO 8665

E. O. 11652: GDS

TAGS: CI, PINT, ELAB

SUBJECT: LABOR RECRUITS A STRANGE BED-FELLOW

1. SUMMARY: AFTER MEETING WITH INTERIOR MINISTER BENAVIDES DECEMBER 17, PRESIDENT OF SHOP OWNERES CONFEDERATION RAFAEL CUMSILLE REPORTEDLY CRITICIZED GOC POLICY SHARPLY. APPARENTLY FOR FIRST TIME CUMSILLE ACCOMPANIES SEVERAL MAJOR LABOR LEADERS IN SESSION IN WHICH THEY AIRED BY NOW NORMAL COMPLAINTS ON GOC ECONOMIC POLICY, HIGH LEVEL OF UNEMPLOYMENT, AND LOSS OF WORKER PURCHASING POWER. MAIN THRUST OF PUBLIC COMMENTS WAS HIS LACK OF ACCESS TO AND COMMUNICATION WITH GOC LEADERS AND LATTER'S RELIANCE ON ADVICE OF SMALL GROUP OF SPECIAL INTEREST CIVILIANS. HE APPARENTLY IDENTIFIED THE CIVILIANS AS THOSE WHO LEAD THE NATIONAL UNITY MOVEMENT (MOVIMIENTO DE UNIDAD NACIONAL - MUN), WHICH HE PROCEEDED TO REDICULE AS SMALL MINORITY WHO CLAIM BROAD-BASED POPULAR SUPPORT. MINISTER BENAVIDES ISSUED STATEMENT OF BLANKET DISAGREEMENT WITH PRESS ACCOUNTS OF THEIR MEETING AND REITERATED GOC'S SUPPORT OF MUN.

2. WHILE LABOR AIRS ITS GRIVANCES AT EVERY OPPORTUNITY, CUMSILLE'S PRONOUNCEMENTS ARE STRONG TURNABOUT FROM HIS PREVIOUS SUPPORT OF GOC. HS PERFORMANCES DOES NOT PLACE HIM IN CATEGORY OF ENEMY OF GOC, BUT PROBABLY REFLECTS INCREASING PRESSURE FROM MEMBERS OF HIS ORGANIZATION WHO ARE FEELING SEVERELY PINCHED BY PRESENT TIGHT MONEY POLICY. END SUMMARY.

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3. MOST DECEMBER 18 SANTIAGO DAILIES CARRIED EXTENSIVE ACCOUNTS OF MEETING DECEMBER 17 BETWEEN MINISTER INTERIOR GENERAL CESAR BENAVIDES AND GROUP OF MAJOR "GREMIALISTA" (WORD COVERS BOTH BUSINESS AND PROFESSIONAL ASSOCIATIONS AND UNIONS) LEADERS. WITH ONE EXCEPTION NEITHER MEETING NOR LABOR LEADERS' PRESS ACCOUNTS OF IT WERE ESPECIALLY NEWSWORTHY. PRINCIPAL PARTICIPANTS EDUARDO RIOS (MARITIME), ERNESTO BOGEL (RAILROADS), FEDERICO MUJICA (WHITE-COLLAR) AND TUCAPEL JIMENEZ (GOVERNMENT WORKERS) MISS FEW OPPORTUNITIES TO AIR WORKER COMPLAINTS AT HIGHEST LEVELS OF GOC, OR TO PUBLICIZE SAME. NOTABLE EXCEPTION ON THIS OCCASION WAS THAT RAFAEL CUMSILLE, PRESIDENT OF THE CONFEDERATION OF SMALL MERCHANTS (CONFEDERACION DE COMERCIO DETALLISTA), WHO HAS BEEN ONE OF GOC'S PRINCIPAL SUPPORTERS IN PAST, JOINED THE LABOR GROUP FOR GRIEVANCE SESSION. CUMSILLE AND HIS ORGANIZATION HAVE HERETOFORE BEEN A MAJOR ADVERSARY OF ORGANIZED LABOR.

4. ACCORDING TO PRESS ACCOUNTS CUMSILLE WELCOMED OPPORTUNITY FOR SESSION, SINCE "WE HAVE EXPERIENCED MANY PROBLEMS IN PRESENTING OUR VIEWS" (TO THIS GOVERNMENT). CUMSILLE DID NOT ELABORATE ON SPECIFIC PROBLEMS OF HIS CONSTITUENCY BUT ALLOWED THAT THERE WERE MANY. HE ECHOED EDUARDO RIOS' STATEMENT THAT THE MEETING PARTICIPANTS WERE NOT THE ENEMIES OF THIS GOVERNMENT NOR DID THEY SEEK TO REPLACE IT. THE ENEMIES OF THIS GOVERNMENT "ARE THOSE WHO ARE TRYING TO CONTROL IT; THOSE CIVILIANS WHO ARE SEEKING FAVORED TREATMENT; THOSE WHO DO NOT WANT TO UNDERSTAND THAT THE MAJOR RESOURCE OF CHILE IS ITS HUMAN CAPITAL."

5. CUMSILLE EMPHASIZED TO THE PRESS THAT NONE OF THE MEETING PARTICIPANTS "BELONGS TO THE SO-CALLED NATIONAL UNITY MOVEMENT (MOVIMIENTO DE UNIDAD NACIONAL - MUN OR UNA). WE ARE FOR NATIONAL UNITY BUT NOT MUN, BECAUSE IT WAS BORN WITH ITS BACK TO THE WELFARE OF THE GREAT SOCIAL BASE (OF CHILE). PRESIDENT PINOCHET AND THE ARMED FORCES MUST BELIEVE THAT MUN IS SUPPORTED BY THE IMMENSE MAJORITY OF THE POPULATION, WHILE IN REALITY IT CONSISTS OF AND IS AND DIRECTED BY A MINORITY." HE CLAIMED THAT THE OPPORTUNITY TO TALK WITH THE MINISTER WAS A "NICE CHRISTMAS PRESENT" AND THAT HE WAS GREATLY HONORED TO JOIN THE OTHER QUALIFIED LABOR LEADERS WHO WERE RECEIVED BY THE GOC.

6. TWO OF LABOR PARTICIPANTS CONFIDED TO LABATT THAT CUMSILLE  
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BEGAN MAKING OVERTURES FOR THIS STRANGE ALLIANCE SEVERAL WEEKS AGO. HE HAS COMPLAINED ABOUT HIS INABILITY TO GET HIS ORGANIZATION'S POSITION TO THE GOC AND SUGGESTED THAT THE ADVERSE EFFECTS OF THE GOC ECONOMIC POLICIES MAKE NATURAL ALLIES OF THEIR RESPECTIVE ORGANIZATIONS.

7. DECEMBER 19 DAILIES CARRIED THE TEXT OF A STATEMENT OF MINISTER BENAVIDES WHICH REITERATES THE GOC SUPPORT OF MUN AND GENERALLY

REJECTS THE PREVIOUS DAY'S NEWS ACCOUNTS OF THE MEETING.

8. COMMENT: CUMSILLE IS WITHOUT DOUBT EXPERIENCING INCREASING PRESSURE FROM SMALL MERCHANTS WHO MAKE UP HIS CONFEDERATION, FOR SOME LOOSENING OF THE ECONOMIC REINS. ALTHOUGH NOT AS HARD HIT AS THE WORKING MAN, ITS MEMBERS HAVE BEEN SEVERELY PINCHED BY GOC TIGHT MONEY POLICIES. CUMSILLE'S PUBLIC STATEMENTS REFLECT A DEGREE OF DISILLUSIONMENT AND FRUSTRATION WITH A GOVERNMENT HE HELPED TO BRING INTO POWER (HIS CONFEDERATION WAS IN THE FOREFRONT IN ORGANIZATION OF PRE-COUP STRIKES). HIS ACTIONS AND STATEMENTS PARALLEL AN INCREASINGLY EXPRESSED CONCERN IN OTHER CIRCLES SUCH AS CHRISTIAN DEMOCRATIC PARTY (AND EVEN MILITARY) THAT A TIGHTLY KNIT GROUP OF SPECIAL INTEREST CIVILIAN ADVISORS IS PRIMARILY RESPONSIBLE FOR THE RIGID ECONOMIC AND SOCIAL POLICIES ADOPTED BY THE GOC. CUMSILLE APPEARS TO IDENTIFY THIS GROUP AS THOSE WHO HAVE NURTURED MUN INTO EXISTENCE AND PUBLICIZED IT AS A MOVEMENT WITH BROAD BASED SUPPORT.

9. SHIFT OF CUMSILLE, AN IMPORTANT AND SYMBOLIC FIGURE, INTO LINE WITH RECOGNIZED CRITICS OF THE GOC MUST BE CONSIDERED SIGNIFICANT EVENT, AND MUST HAVE COME AS UNPLESANT SURPRISE TO GOC. HOWEVER, ECONOMIC COMPLAINT IS NOT POLITICAL OPPOSITION, AND SO FAR THERE IS NO EVIDENT MOVEMENT IN THIS DIRECTION BY OTHER MAJOR BUSINESS AND PROFESSIONAL ASSOCIATION LEADERS.  
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